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CIA No. 3464

26 JUL 1965

Mr. Allan Evans
Deputy Director for Research
Bureau of Intelligence and Research
Department of State
Washington, D.C.

Dear Allan:

The evaluation of recent CEMA experience in attempting to coordinate economic development with special reference to the problems of Latin America, promised by [REDACTED] in his letter of 26 May 1965, is enclosed and completes the package responsive to your request of 17 May 1965. To bundle this up, I am also enclosing a copy of our earlier report (CIA/RR EM 64-1) Progress and Dissidence in CEMA: 1962-63, February 1964, Confidential, which is focused on the unsuccessful efforts of Khrushchev to give CEMA an important role in coordinating economic development; another copy of (CIA/RR EM 65-20) Voluntary Cooperation Under CEMA: An Adjustment to Nationalism, July 1965, Confidential, which considers the readjustment of CEMA to its modest role since the rejection of Khrushchev's proposal (enclosed with my letter of 19 July 1965); and the bibliographical references provided in the following paragraph.

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Additional background and analysis are found in two recent books on CEMA, both carefully done by competent people. The first published is by a Hungarian refugee, Istvan Agoston, Le Marché Commun Communiste--Principes et pratique du Comecon, Geneva, 2nd edition, 1965. Agoston's work, done largely from original sources, with the support of the University of Geneva and the Institute for Advanced International Studies in Geneva, includes a detailed treatment of specific agreements on specialization and the coordination of investment (Chapters V-VII). It covers practically all the information available to us on the subject. The second is by Michael Kaser, Comecon: Integration Problems of the Planned Economies, London, 1965. Kaser is a well-known British specialist on the Soviet economy and for some years held an important position with the Economic Council of Europe. He has written a more analytical treatment of CEMA, attempting to explain why it has accomplished so little. Chapters VIII and X deal with the problem of industrial specialization and coordination of economic development.

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We are always glad to furnish you such assistance as we can and hope that the enclosed studies, supplemented by the above references, will serve your purpose. Please let me know if there is anything further that would be helpful in this case.

Sincerely,



Otto E. Guthe
Director
Research and Reports

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Enclosures: (3)

1. S-1531
2. CIA/RR EM 64-1 (#117)
3. CIA/RR EM 65-20 (#4)

ORR/D/A/E [REDACTED] b/j1/5804 (22 Jul 65)

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